



American, Federation of State, County & Municipal Employees, AFL-CIO

## Testimony Before the Public Health Committee

### Senate Bill No. 1

Submitted by Sal Luciano, Executive Director, Council 4 AFSCME

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Good afternoon. My name is Sal Luciano and I am the Executive Director of Council 4 of the American Federation of State, County and Municipal Employees (AFSCME). Our union represents 35,000 workers across Connecticut.

I would like to comment on SB 1 and the urgent need for health care reform.

Years ago, before the current perception that our medical delivery system is broken, Walter Cronkite said this about the American health care system, "It is neither caring, nor healthy nor a system."

As we speak, there are more than 400,000 Connecticut residents who are uninsured. Of this terrible number, there are two certainties: It is higher than the last time healthcare was debated here; and none of us is among the uninsured.

The discussion on the *structure* of the system is endless. While the talk over making people good health consumers drones on and on, our state's 400,000-plus uninsured citizens **are** participating in a consumer-driven system every day.

Since Connecticut's uninsured cannot afford health care, they access it *only when they are in crisis* and only through the public hospital emergency room. This kind of care is extremely expensive and wasteful. It drives up costs for the employer providing health care and the employees who continue to see rising co-payments and cost shifting. It also costs the state money as they pay into this system. If this were not bad enough, it is clogging our emergency rooms so that they could never handle the mildest pandemic or local crisis.

Organized labor's vision is to have a single payer health care delivery system that would be similar to Canada's. While many people believe this would ration health care, this assumes we do not ration health care now. In many places, triage is not done by the severity of an injury or illness but by the patient's wallet – that is, their ability to pay.

A single payer system would not only meet the needs of workers; it would also help employers who want to provide good health care to their employees but believe they cannot afford it to stay competitive in the marketplace.

As Larry Levitt of the Kaiser Family Foundation pointed out a few days ago: "An expensive illness might cost \$100,000 or even a million. So a company with a few hundred people can see premiums go up substantially from the high cost of one illness."

How can a company compete against England, France, Canada and the rest of the industrialized world if the cost to produce its product can be completely distorted by a single illness?

Right now, there is no shortage of proposals to improve our health care system. Governor Rell's proposal is not realistic. Speaker Jim Amann's plan helps more children receive health care while ignoring their sick or injured parents. Even the most ambitious plan, put forward by Senate President Donald Williams, would leave a third of a million people in this state without health care.

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The fact that the solutions to universal health care are complex doesn't mean there aren't strategies that make sense and begin to reduce costs.

One of the immediate things we can do is back a comprehensive plan put forward by Council 4 and other unions, along with municipal advocates. Comptroller Nancy Wyman put out this plan out bid recently. What we have attempted to do is what the Municipal Employee Health Insurance Plan was supposed to accomplish: create a less expensive plan for municipal employers and employees.

This Mega-MEHIP plan accomplishes six important goals:

- 1) It provides a potential pool of over a hundred thousand lives, which would reduce the costs by spreading risk over a huge population
- 2) It reduces administrative costs by providing consistent plan design under one umbrella.
- 3) It makes broker fees both voluntary and transparent.
- 4) The plan design rewards employees that seek preventive care and punishes employees who utilize crisis care. This preventative model alone is significant because this will reduce costs over time.
- 5) The huge pool would enhance the bargaining power to lower pharmaceutical prices. Drug usage by consumers of health care has tripled since pharmaceutical companies have been advertising on TV in 1997. With drug costs soaring even faster than health care insurance, this will provide additional savings.
- 6) The reduced costs will benefit municipalities stretched by rising property taxes and employees faced with growing cost shifting and co-payments.

This is a truly consumer-driven plan. It could also be used to lower the costs non-profits organizations currently pay for employee health care and pharmaceutical plans and in some cases, make health care within reach for some non-profit organizations that currently provide no insurance to their employees.

This administratively streamlined, preventive care based giant pool is a good step and bridge to the future in which "Health Care for All" becomes a reality, not a wishful slogan.

Let's finally reject the economics of prevarication and acknowledge this basic and undeniable fact: A large pool spreads risk. That's the fundamental principal behind all insurance. Why is it that the insurance companies prefer small pools? Why do they spend millions to frighten us into believing a big pool is bad?

No rational person doubts Walter Cronkite's observation all those years ago, but we persist in tolerating the myth that we have a health care system. No. We have an insurance welfare system.

Connecticut has a history of leadership, boldness and innovation. Why should we not lead the country out of this morass that is hurting our children, their parents and our economy?

Thank you very much.